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COSTS and RETURNS



**Commercial
Tobacco
Farms**

**Coastal Plain,
North Carolina**

1963

FARM COSTS STUDIES

This report is part of a continuing nationwide study of costs and returns on commercial farms and ranches by type and size in some of the important farming regions of the United States. The study is conducted under the general supervision of Wylie D. Goodsell, Farm Production Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

The 1963 costs and returns studies have been conducted on the following:

Dairy Farms, Northeast and Midwest
 Corn Belt Farms
 Egg-Producing Farms, New Jersey
 Broiler Farms, Maine, Delmarva, and Georgia
 Cotton Farms
 Tobacco Farms, Coastal Plain, North Carolina
 Tobacco-Livestock Farms, Bluegrass Area, Kentucky
 Wheat Farms, Plains and Pacific Northwest
 Western Livestock Ranches

Summary statistics for all types of farms in the study are presented in a report, revised annually. The latest such report was published in 1963 and is titled: "Farm Costs and Returns, Commercial Farms, by Type, Size, and Location," Agriculture Information Bulletin No. 230, Revised, 1963.

Information on the studies can be obtained from Farm Production Economics Division, Economic Research Service, U.S. Department of Agriculture, Washington, D.C., 20250.

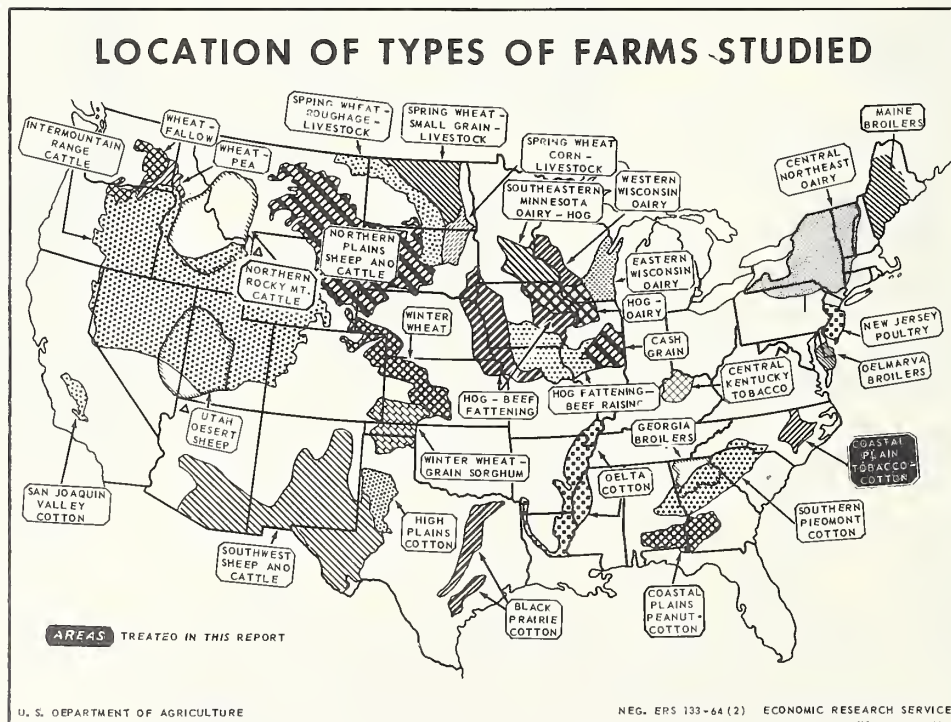


Figure 1

COSTS AND RETURNS

COMMERCIAL TOBACCO FARMS

COASTAL PLAIN, NORTH CAROLINA, 1963

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Farming in the Coastal Plain of North Carolina is largely typified by 2 farm types: (1) Tobacco farms and (2) tobacco-cotton farms (fig. 1). Approximately 32,000 of the nearly 45,000 farms reported in this area by the 1959 census had gross incomes of \$2,500 or more. The organization, costs, and returns of tobacco and tobacco-cotton farms are representative of about 64 percent of these 32,000 farms (table 1 and fig. 2). Flue-cured tobacco is the major source of income on both farm types. Over the period 1955-1963, tobacco sales ranged from 74 to 80 percent of gross farm income on typical tobacco farms and from 68 to 74 percent on typical tobacco-cotton farms (fig. 3).

COSTS AND RETURNS, 1963

Net farm incomes in 1963 averaged \$6,121 for tobacco farms and \$6,413 for tobacco-cotton farms in the Coastal Plain of North Carolina. These returns were about 4 percent below 1962 on tobacco farms but the decline on tobacco-cotton farms was less than 1 percent.

Cash receipts from tobacco were down slightly compared with the previous year on both farm types. Flue-cured acreage allotments were cut 5 percent in 1963. However, harvested acreage on tobacco and tobacco-cotton farms declined

slightly less than 5 percent. The tobacco yield was estimated at 2,058 pounds per acre in 1963--88 pounds above the 1962 yield. Production of tobacco per farm was greater than in 1962. Prices received for tobacco in 1963 averaged \$1.52 per hundred pounds below those of the previous year.

Operating expenses continued to trend upward in 1963 on both types of farms. Prices paid for production goods and services averaged higher in 1963 and were largely responsible for higher farm expenses.

Table 1.- Size, organization, and production, tobacco farms, Coastal Plain
North Carolina, 1962 and 1963

Item	Unit	Tobacco farms			Tobacco-cotton farms		
		1962	1963 1/		1962	1963 1/	
Land in farm.....	Acre	94	95		102	104	
Cropland harvested.....	do.	32.4	34.6		42.3	42.5	
Crops harvested:							
Tobacco.....	do.	8.7	8.4		8.5	8.2	
Cotton.....	do.	---	---		7.7	7.5	
Corn.....	do.	14.7	17.3		14.4	16.1	
Soybeans.....	do.	4.4	3.8		6.2	5.1	
Hay.....	do.	1.2	1.5		1.8	1.7	
Other crops.....	do.	3.4	3.6		3.7	3.9	
Crop yields per harvested acre:							
Tobacco.....	Pound	1,970	2,058		1,970	2,058	
Cotton.....	do.	---	---		331	457	
Corn.....	Bushel	60	58		60	58	
Soybeans.....	do.	24	24		24	24	
Hay.....	Ton	1.0	1.0		1.0	1.0	
All cattle, Jan. 1.....	Number	1.2	1.2		1.5	1.5	
Brood sows.....	do.	1.3	1.4		1.2	1.3	
Total farm capital, Jan. 1.....	Dollar	27,190	27,640		29,250	29,940	
Land and buildings.....	do.	21,810	22,230		23,660	24,340	
Machinery and equipment.....	do.	4,350	4,390		4,630	4,660	
Livestock.....	do.	510	510		490	510	
Crops.....	do.	520	510		470	430	
Total labor used.....	Hour	6,250	6,030		6,980	6,730	
Operator and family.....	do.	2,590	2,530		2,720	2,650	
Hired.....	do.	3,660	3,500		4,260	4,080	

1/ Preliminary.

COASTAL PLAIN, NORTH CAROLINA

Location of Types of Farms Studied

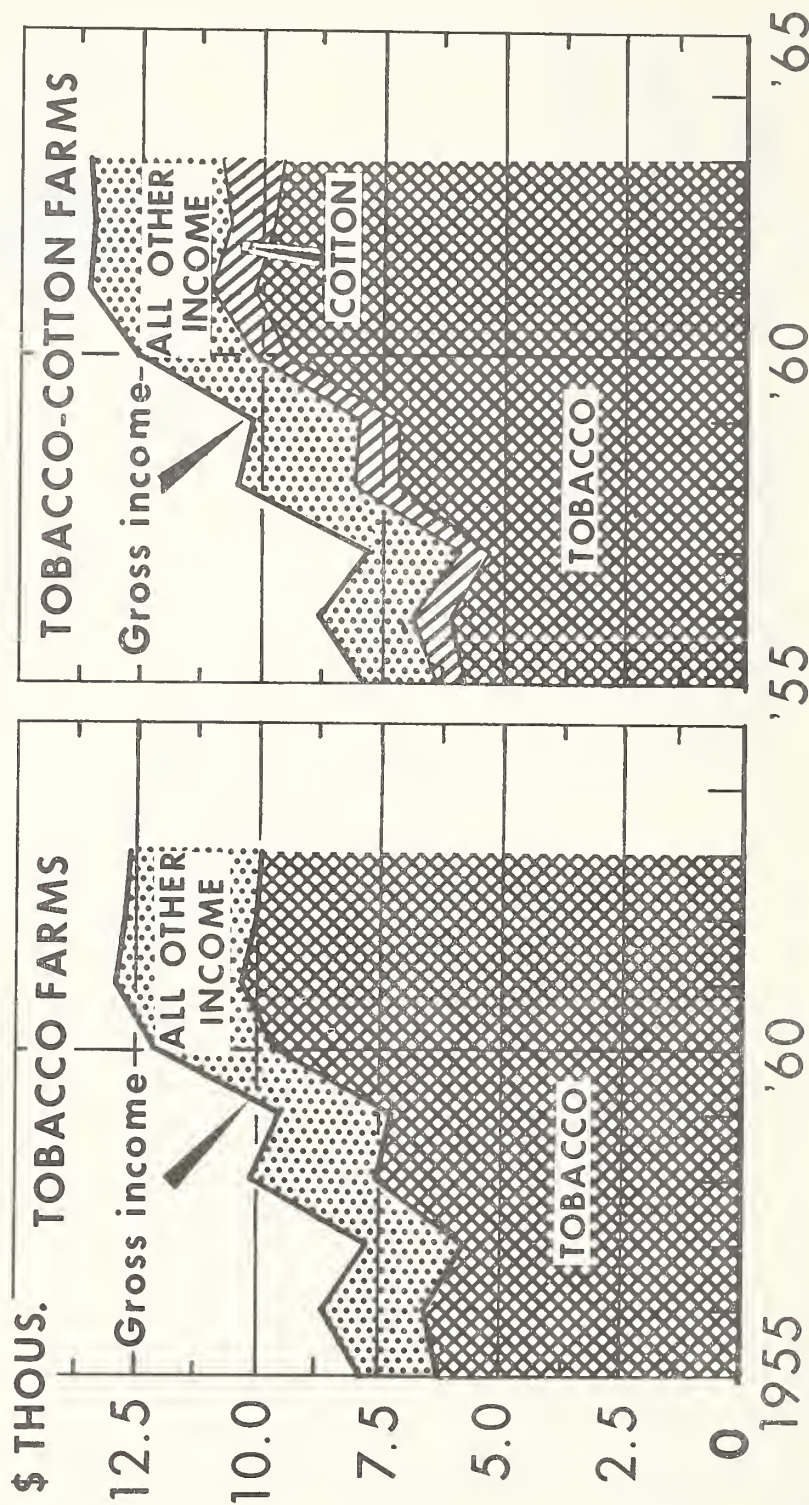


LOCATION IN STATE



GROSS FARM INCOME AND RECEIPTS FROM TOBACCO AND COTTON

Coastal Plain, North Carolina



U. S. DEPARTMENT OF AGRICULTURE

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Figure 3

Tobacco Farms

Production increased and prices received declined for the second year on tobacco farms in the Coastal Plain of North Carolina. Net farm income, at \$6,121 was down \$234 from 1962 and \$695 from the record high of 1961 (table 2).

Production in 1963 was greater than in 1962 mostly because of higher tobacco yields and a larger corn acreage. Tobacco acreage per farm declined by 0.3 acres but yield increased to more than offset this decline; tobacco production per farm, therefore, exceeded that of 1962 by 148 pounds. Corn acreage per farm was approximately 17 percent above that grown in 1962; although yield per acre was down slightly, production per farm increased. Changes in acreage and yields of other crops were minor and had little effect on production changes in 1963. Livestock production was also at about the same level as in 1962.

The index of prices received for products sold on these farms was 103 (1957-59 = 100) in 1963 compared to 105 in 1962. The lower average price received for tobacco was largely responsible for the decline. Prices received for corn and soybeans were higher than in 1962 but cattle and hog prices were down.

Operating expenses were a little higher in 1963 despite reduced tobacco acreage. Expenses increased because operators paid higher prices for production goods and services. Expenditures for hired labor were slightly less than in 1962. The decline in tobacco acreage lowered labor requirements to more than offset higher wage rates. The index of prices paid for all goods and

services used in production (1957-59 = 100) was 110 in 1963, nearly 2 percent above the 1962 index. Cost items that increased in price accounted for 71 percent of total inputs in 1963. Items declining in price made up 8 percent and no change was indicated in prices of those accounting for 21 percent.

Tobacco-Cotton Farms

Higher cash receipts from cotton and corn offset lower returns from tobacco, soybeans and other crops in 1963. Therefore, 1963 gross farm income was higher than in 1962 on tobacco-cotton farms (table 3). However, higher operating expenses, dropped net farm income down slightly from 1962.

Acreages of tobacco and cotton per farm were below those of the previous year but, because of increased yields per acre, production of each of these crops exceeded that of 1962. Corn production increased because of larger acreage. Cash receipts from tobacco were down \$180 from the previous year because prices averaged lower. Receipts from cotton lint and seed were up \$311 from 1962 and sales of corn increased by \$110. The average price received for cotton lint in 1963 was a little below the previous year's but cottonseed and corn prices advanced slightly. The index of prices received for all products sold (1957-59 = 100) was 103 in 1963 compared with 105 in 1962.

Operating expenses were greater than in 1962 because operators paid higher prices for production goods and services; also, purchases of inputs increased slightly (table 4). Lower preharvest inputs due to less acreages of the intensive crops

Table 2.- Income, costs and returns, tobacco farms, Coastal Plain,
North Carolina, 1962 and 1963

Item	Unit	Tobacco farms		Tobacco-cotton farms	
		1962	1963 <u>1/</u>	1962	1963 <u>1/</u>
Gross farm income.....	Dollar	12,735	12,581	13,464	13,578
Operating expenses.....	do.	6,380	6,460	7,024	7,165
Net farm income.....	do.	6,355	6,121	6,440	6,413
INDEX NUMBERS (1957-59=100):					
Net farm income.....	---	157	151	160	160
Net farm production.....	---	132	134	134	138
Operating expense per unit of production.....	---	97	97	96	95
Production per unit of input.....	---	116	119	117	120
Prices received for products sold.....	---	105	103	105	103
Prices paid, including wages to hired labor.....	---	108	110	108	110

1/ Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

Table 3.- Gross farm income, tobacco farms, Coastal Plain,
North Carolina, 1962 and 1963

Item	Tobacco farms		Tobacco-cotton farms	
	<u>Dollars</u>	<u>1963 1/</u>	<u>Dollars</u>	<u>1963 1/</u>
Total cash receipts.....	12,203	12,006	12,844	12,982
Tobacco.....	10,031	9,855	9,801	9,621
Cotton, lint and seed.....	---	---	946	1,257
Corn.....	706	867	806	916
Soybeans.....	234	232	329	316
Other crops.....	438	352	352	283
Livestock and livestock products.....	525	522	413	413
Other, including Government payments.....	269	178	237	176
Value of perquisites.....	573	570	595	595
Change in inventory, crops and livestock.....	-41	5	-15	1
Gross farm income.....	12,735	12,581	13,464	13,578

1/ Preliminary.

Table 4.- Operating expenses, tobacco farms, Coastal Plain
North Carolina, 1962 and 1963

Item	Tobacco farms		Tobacco-cotton farms	
	1962	1963 ^{1/}	1962	1963 ^{1/}
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Total cash expenditures.....	6,333	6,436	6,961	7,120
Crop expense.....	1,700	1,762	1,815	1,858
Feed and other livestock expense.....	115	120	99	106
Machinery.....	1,617	1,669	1,717	1,833
Hired labor.....	2,402	2,370	2,795	2,770
Farm buildings and fences.....	262	267	284	292
Taxes.....	169	176	182	190
Other.....	68	72	69	71
Inventory adjustment, machinery and buildings.....	47	24	63	45
Total operating expenses.....	6,380	6,460	7,024	7,165

^{1/} Preliminary.

(tobacco and cotton) were offset by increased input requirements for harvesting and processing the larger 1963 crop. Prices paid were higher in 1963 for power and machinery, most fertilizer materials, feed, most seeds, and wage rates. The index of prices paid (1957-59 = 100)

increased nearly 2 percent from the previous year. Prices paid for items making up 72 percent of total inputs were higher in 1963. Prices were lower for items accounting for 9 percent and unchanged for those making up the remaining 19 percent.

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